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Goldwater Backs CIA Ch 'Mountain Out of a Mo

By George Lardner Jr.
Washington Post Staff Writer

Sen. Barry Goldwater (R-Ariz.) accused the press yesterday of making "a mountain out of a molehill" at the CIA, and said he saw no reason for Director William J. Casey to resign "unless we find further allegations."

The Senate Intelligence Committee, of which Goldwater is chairman, formally instructed its staff to begin a series of meetings with CIA lawyers to review allegations of financial misconduct by Casey and an alleged case of attempted "blackmail" involving his former chief of covert operations, Max Hugel.

Committee investigators also plan to inspect the records of the background investigation the FBI conducted before Ronald Reagan nominated Casey as CIA director last December.

Presidential press spokesman David Gergen said the White House would cooperate completely in the inquiry. He added that the president has "full confidence" in Casey.

Similarly, Goldwater said he did not think Casey should resign, and added that "I don't think there's enough proof to call for resignation."

"With all due respect to you fellas, you made a mountain out of a molehill," Goldwater told reporters after the two-hour committee session. "Now wait until the hill gets big, wait till the bugs start crawling out. Then you'll have something, or you may not."

Instead of getting bigger, he suggested, "it may go right into the ground."

Questions concerning Casey's tenure as CIA director arose this week when Hugel resigned as deputy director for operations, one of the

agency's most sensitive posts, hours after The Washington Post disclosed accusations of improper or illegal stock-trading practices on Hugel's part in the early 1970s.

Hugel contended that the two former Wall Street stockbrokers who leveled the charges had attempted to blackmail him several times during their acrimonious relationship. He denied any wrongdoing, but quit the agency Tuesday morning saying he said he felt he could no longer be effective.

CIA general counsel Stanley Sporkin and other agency officials met with Senate committee staff director John Blake and his aides on Capitol Hill later in the day to begin the review.

As far as Hugel is concerned, one source said, the committee primarily wants to know "how it's possible that somebody who claims he was being blackmailed got past the security people."

Goldwater said he thought at first that the CIA would be badly damaged by the week's events, but has since changed his mind.

"In fact, I think they're so happy out there to have gotten rid of Mr. Hugel and gotten the new man [John Stein] in his place... that it's pretty well overshadowed everything else," Goldwater said. "I think everything's going good at the agency."

Surfacing in the aftermath of the controversy were several court rulings critical of Casey's connections with a now-defunct farming firm, Multiponics Inc. It has been the subject of litigation in New York and New Orleans.

Goldwater said he felt Casey had done "a commendable job" at the CIA except in his selection of Hugel, a Reagan campaign colleague whom Casey had insisted on appointing to head the clandestine service despite Hugel's lack of intelligence experience.

Goldwater said, however, that he did not regard Hugel as a security risk despite his failure to tell CIA investigators about his once-volatile relationships on Wall Street.

Hugel "wanted to serve his country and was just a little careless in telling the whole truth about his background," Goldwater said.

Several Democratic members of the Senate Intelligence Committee, by contrast, have voiced chagrin over the failure of the CIA's security investigators to raise any question marks about Hugel's business career. They have also expressed dissatisfaction with Casey's disclaimers of responsibility for misleading potential Multiponics investors.

Committee member Joseph R. Biden (D-Del.) said through a spokesman that unless Casey and the administration come forward quickly with "a plausible and legal explanation" of the matters under review, "then Mr. Casey should be asked to do what is best for the agency and the country and step aside."

The review concerning Casey apparently will concentrate on the Multiponics litigation in New Orleans. Casey had informed the Intelligence Committee of the New York suit at the time of his confirmation hearings, but Goldwater noted yesterday that he had not been aware of the Louisiana case.

There was little indication yesterday, however, that the committee plans to carry its staff inquiry beyond what has been published and try to satisfy itself that there are "no further allegations" to uncover.

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